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REPORT TO THE UNITED NATIONS BOARD OF AUDITORS AND THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS REGARDING GENERAL ASSEMBLY RESOLUTION 48/216 B

Addendum

SUMMARY

The present document reports on the measures taken by UNICEF to comply with General Assembly resolution 48/216 B. It presents an action-oriented report on the steps taken or to be taken in response to the recommendations of the Board of Auditors on the UNICEF accounts for the biennium 1992-1993. It also presents the follow-up actions that were taken on specific recommendations of the Board of Auditors on the UNICEF accounts for the biennium 1990-1991.

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I. INTRODUCTION

1. In its resolution 48/216 B of 23 December 1993, the General Assembly requested the executive heads of the United Nations organizations and programmes, in preparing the required reports, to give particular attention to the recommendations of the Board of Auditors regarding procurement, the employment of consultants and property accountability in field missions. The Assembly also requested the Board of Auditors, in its audits for the biennium 1992-1993, to give particular attention to those matters.

2. The General Assembly further requested the Secretary-General and the executive heads of the United Nations organizations and programmes, at the same time as the recommendations of the Board of Auditors were submitted to the General Assembly, through the Advisory Committee on Administrative and Budgetary Questions, to provide the Assembly with their responses and to indicate measures that would be taken to implement those recommendations, with appropriate timetables.

3. Likewise, the General Assembly requested the Secretary-General and the executive heads of the United Nations organizations and programmes to draw attention in such reports to the recommendations of the Board of Auditors, the implementation of which would require action by the Assembly.

4. In compliance with General Assembly resolution 48/216 B, the present report will review the implementation by UNICEF of the recommendations of the Board of Auditors in their report on the UNICEF accounts for the biennium 1992-1993. The report also will provide the status of the implementation of the recommendations of the Board of Auditors on the accounts for the biennium 1990-1991.

5. The present document is submitted to the United Nations Board of Auditors and the Advisory Committee for their evaluation.

II. PROGRESS REPORT ON SPECIFIC STEPS TAKEN TO IMPLEMENT THE RECOMMENDATIONS OF THE BOARD OF AUDITORS ON THE UNICEF ACCOUNTS FOR THE BIENNIUM 1992-1993

6. This section describes the steps taken or to be taken by UNICEF in response to the recommendations of the Board of Auditors on its accounts for the biennium 1992-1993.

Recommendation No. 1

7. The reporting procedures of the common premises project should be reviewed to ensure periodic apportionment of costs to participating organizations for disclosure in their accounts and to facilitate reimbursement to the primary funding organization.

Measures taken by UNICEF

8. The secretariat has been informed by the Sub-group on Common Premises of the Joint Consultative Group on Policy that the following procedures are in place in respect of new projects:

(a) Prior to implementation of the project, the United Nations Development Programme (UNDP) shall provide each participating agency with a breakdown of the estimated costs of proposals that have been approved by the Sub-group;

(b) The UNDP headquarters Contract Review Committee shall review and approve the award of contract; and each agency shall be notified of the criteria used, including details on the criteria for the selection of the architects, engineers and/or contractors;

(c) Each participating agency shall pay its share of the cost at each phase of project implementation in accordance with a schedule determining the phases of the project;

(d) UNDP shall provide all participating agencies with the detailed cost breakdowns to substantiate the costs incurred in excess of the awarded amount.

9. In 1994, the secretariat will bring to account all substantiated costs relative to these projects.

Recommendation No. 2

10. The administration may wish to re-examine the present policy on the utilization of the Emergency Programme Fund (EPF) given the limitations of the Central Emergency Revolving Fund and make recommendations to the Executive Board on the effective use of EPF to strengthen the emergency readiness of UNICEF.

Measures taken by UNICEF

11. At its first regular session held from 23 to 25 February 1994, the UNICEF Executive Board approved a proposal presented by the secretariat to increase the EPF ceiling for the biennium 1994-1995 from $7 million to $15 million a year. The increased ceiling will enable UNICEF to respond better to meet emergency needs when no inter-agency appeal has been launched and to serve as an indispensable cash flow for initiating actions in complex emergencies pending the receipt of donor contributions. Based on experience in 1994, this increased ceiling has enhanced the administration's capacity to respond quickly and effectively to emergency situations. Between January and July 1994, 14 countries were assisted with funding from EPF.

Recommendation No. 3

12. The use of special service agreements (SSAs) as a conduit for the engagement of short-term personnel to perform regular staff functions should be discontinued.

Measures taken by UNICEF

13. The administration has taken note of the recommendation. From 1994 onwards, care will continue to be taken to ensure that regular staff functions are not carried out by consultants employed on SSAs.

Recommendation No. 4

14. UNICEF special agreements with the recipients of procurement services should be reviewed to include penalties for reimbursements that are delayed beyond a maximum agreed period.

Measures taken by UNICEF

15. The administration will review the possibility of including penalty clauses in procurement services agreements that are made with sovereign Governments as well as the possibility of enforcing such clauses.

Recommendation No. 5

16. To bring operating costs down, the proposed expenditures on salaries and allowances of the staff of the new company providing workforce to the UNICEF Supply Division warehouse should be reviewed.

Measures taken by UNICEF

17. The administration has noted the comments of the Board of Auditors and wishes to state that the invoices of Pakhusfonden (the Warehousing Foundation) are under regular review to ensure that the services provided are charged to UNICEF at acceptable rates.

Recommendation No. 6

18. The clean up of the staff personal accounts (SPAs) should be expedited to assure integrity of this account.

Measures taken by UNICEF

19. The administration will continue to analyse and monitor closely SPAs in 1994. In the process, the secretariat will assess the new Personal Advances and Recovery (PAR) system implemented in 1994 which is expected to assist significantly in monitoring SPAs. The PAR system will automate what used to be a manual process of matching recoveries against advances. Further, the secretariat will assess implementation of the accounting instruction that was issued in late 1993 to ensure that it is carried out properly and completely.

Recommendation No. 7

20. Competitiveness in the hiring of freight forwarders should be improved to ensure transparency and value for money in shipping activities.

Measures taken by UNICEF

21. The administration carries out reviews of the cost of freight as a mechanism for ensuring that the freight forwarders providing services to UNICEF are obtaining the most competitive sea freight rates. As an example of the results of such negotiations, the administration has negotiated special rates with most ocean Conferences. Further, a review of the present list of freight forwarders, of which there is one in each European country where UNICEF purchases, has been initiated and will be continued during the next 12 months.

Recommendation No. 8

22. The field offices should review all cash assistance to government accounts and submit proposals for write-off, in accordance with the established criteria, of balances that have remained unliquidated for several years.

Measures taken by UNICEF

23. The secretariat is now following up regularly with field offices whose cash assistance balances have remained unliquidated for several years. In these follow-ups, the secretariat has requested the field offices to ensure that government ministries and agencies submit the liquidation reports within the prescribed period and identify those that would qualify for write-off. Further, the secretariat has reminded the field offices to follow the prescribed procedures for the eventual write-off of these identified accounts.

Recommendation No. 9

24. UNICEF headquarters should expedite the reporting of remittances received on behalf of Greeting Card and related Operations (GCO) to enable a factual recording in the books of GCO New York and Geneva.

Measures taken by UNICEF

25. The administration has reviewed the situation and has identified a number of causes. The secretariat will continue to pursue and complete the following measures by 1995:

(a) The development of standard remittance forms that will include all required information to facilitate rapid identification of donors and contributions;

(b) The enhancement of systems to allow mutual electronic access between the divisions concerned;

(c) The modification of the reporting forms used by the National Committees for UNICEF and sales partners to facilitate financial information on revenues they raise.

III. PROGRESS REPORT REGARDING SPECIFIC MEASURES TAKEN TO IMPLEMENT RECOMMENDATIONS OF THE BOARD OF AUDITORS ON THE UNICEF ACCOUNTS FOR THE BIENNIUM 1990-1991

26. In their follow-up on the 10 recommendations on the UNICEF accounts for the biennium 1990-1991, the Board of Auditors identified one recommendation (recommendation 7 (h)) as not having been implemented. The Board of Auditors also identified two recommendations that were implemented, but which also were covered in the audit of the UNICEF accounts for the biennium 1992-1993. These related to SPAs and cash assistance to Governments. The steps taken or to be taken in relation to the recommendations on those two areas are covered, respectively, in paragraphs 19 and 23 above.

Recommendation 7 (h)

27. In GCO, the effects of unfavourable exchange rate fluctuations should be minimized by resolving the timing difference in the recognition of sales at the balance sheet date (30 April) and the dates actual payments are made by sales partners (after 31 August).

Measures taken by UNICEF

28. The administration had incorporated a clause calling for an earlier remittance date in the draft Recognition and Cooperation Agreement with National Committees for UNICEF. However, the Standing Group of National Committees disagreed with it. The administration will pursue this matter with the National Committees.

IV. RECOMMENDATIONS THAT WOULD REQUIRE ACTION BY THE GENERAL ASSEMBLY

29. The administration does not see any recommendation of the Board of Auditors that would require action by the General Assembly.